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ABSTRACT

This report records the testimony presented by Clarence C. Crawford, Associate Director, Education and Employment Issues, Human Resources, of the General Accounting Office, on the effectiveness of Title IIA of the Job Training Partnership Act (JTPA) in meeting the employment and training needs of economically disadvantaged adults and youth. His testimony centered on the following main points: (1) JTPA has consistently placed the majority of those receiving services in jobs and thus generally has been regarded as successful--however, recent research indicates that the program is only marginally increasing the earnings and employment of certain client groups above comparable nonparticipating groups; (2) the 1992 amendments to JTPA, along with a Department of Labor data collection initiative, have the potential to improve the JTPA program substantially by providing specific guidance on program targeting, training plans, and more comprehensive data on program operations; (3) JTPA is one of 65 federal programs that spent more than $11 billion in fiscal year 1991 on employment and training services for the economically disadvantaged, but these programs are not coordinated; (4) there is a need for a national training strategy and elimination of duplication; and (5) one proposal is for "one-stop" career centers that would serve people in need of career counseling, assessment, occupational information, job referral, training, employment services, and community services. (KC)

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Housing, and Aviation
Committee on Government Operations
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# THE JOB TRAINING PARTNERSHIP ACT

# Potential for Program Improvements But National Job Training Strategy Needed

Statement of Clarence C. Crawford, Associate Director
Education and Employment Issues
Human Resources Division

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SUMMARY OF TESTIMONY BY CLARENCE C. CRAWFORD
JOB TRAINING PARTNERSHIP ACT
POTENTIAL FOR PROGRAM IMPROVEMENTS BUT NATIONAL JOB TRAINING STRATEGY NEEDED

Title IIA of the Job Training Partnership Act (JTPA) provides job training and employment seeking skills to economically disadvantaged individuals who need training and other labor market services to obtain employment. Although JTPA has been viewed as relatively successful in placing participants in jobs, a recent study raises questions about whether the program is as effective as it could be. In our view, the effective implementation of the 1992 amendments to JTPA, coupled with an increased emphasis on program evaluation and a national strategy to eliminate confusion and duplication among the myriad training programs, could substantially improve the program.

**JTPA PERFORMANCE AND EFFECTIVENESS.** JTPA has consistently placed the majority of those receiving services in jobs and, thus, generally has been viewed as successful. However, a recent study indicates that the program is only marginally increasing the earnings and employment of certain client groups above comparable nonparticipating groups, and thus is of limited effectiveness. What is unknown is which training services make the greatest difference in improving the employment opportunities for various groups of participants. Evaluations are needed to determine which treatments make a difference.

**RECENT CHANGES TO JTPA.** The 1992 amendments to JTPA, along with a Department of Labor data collection initiative, have the potential to substantially improve the JTPA program by providing specific guidance on program targeting, an objective assessment and training plan for all participants, and more meaningful and comprehensive data on program operations. However, effective implementation of these changes is critical to success. In so doing, Labor should assume a more active role than it has taken in the past and provide detailed guidance to ensure that the new requirements are strictly followed and use its expanded data system to better manage the program. Labor also should continue to fund studies aimed at assessing JTPA's impact.

**NEED FOR A NATIONAL TRAINING STRATEGY.** JTPA is one of 65 federal programs that spent over $11 billion in fiscal year 1991 on employment and training services for the economically disadvantaged. These programs do not function as a comprehensive, cohesive system, but often operate in isolation. Because of the myriad programs, the effective implementation of changes to JTPA alone will not assure that the training needs of the economically disadvantaged are addressed. Needed is an overall employment and training strategy at the federal level and, at the state and local level, a streamlined approach to eliminate duplication and confusion and ensure efficient and effective delivery of services. In this respect, the administration's proposal for "one-stop career centers" may prove to be an important step toward rationalizing employment assistance in this country.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss with you the effectiveness of title IIA of the Job Training Partnership Act (JTPA) in meeting the employment and training needs of economically disadvantaged adults and youth. Although JTPA is the nation's primary federally funded employment and training program, it is but one of many programs often operating in isolation and creating a difficult maze for service providers and those who need and are seeking assistance. We have identified 125 federal programs that are administered by 14 departments or independent agencies, spending over $16 billion annually providing employment and training services.[1] Sixty-five of these programs, including JTPA, spend about $11 billion to serve the economically disadvantaged.

My testimony today will focus on title IIA of JTPA, a program that spends about $1.8 billion a year to provide employment and training services to economically disadvantaged adults and youths.[2] I will also be focusing on the effectiveness of JTPA; the likely impact of recent changes to JTPA on its effectiveness; and improvements needed in JTPA, as well as in the overall federal response to the employment and training needs of the economically disadvantaged. My testimony is based on our previous and ongoing efforts related to title IIA specifically, and employment and training programs, in general, as well as a recent national study of JTPA prepared for the Department of Labor. These efforts indicate that, although JTPA has been relatively successful in terms of the number of participants who are initially placed in jobs upon leaving the program, the program may not be substantially improving the earning potential of the economically disadvantaged in this country.

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[1]Letter to the Chairman, Senate Committee on Labor and Human Resources (GAO/HRD-92-39R, July 24, 1992).

[2]The act also includes title IIB, a summer youth employment and training program, and title III, an assistance program for dislocated workers. The 1992 amendments to JTPA transferred year-round services for youth under title IIA to a separate youth program under a newly created title IIC.

However, the recently enacted amendments to JTPA have the potential to substantially improve the delivery of employment and training services and program outcomes, if they are effectively implemented. These amendments alone, however, will not ensure that the job seeking skills and employment opportunities of the most needy are enhanced. Major challenges lay ahead for the Congress and the administration in addressing the multitude of employment and training programs aimed at the economically disadvantaged. Reducing the number of federal employment and training programs could help the coordination of local services, but it is unlikely that the number of programs will be significantly reduced any time soon. A comprehensive, overall employment and training strategy that fosters coordination among the many federal programs is needed. Such a strategy should continually seek more effective methods of providing services to the economically disadvantaged by trying alternative approaches and evaluating their impact.

## BACKGROUND

JTPA title IIA provides job training and employment seeking skills to economically disadvantaged individuals who need training and other labor market services to obtain employment. It has been funded at about $1.8 billion annually since implementation. Although Labor has overall responsibility for the program, JTPA is highly decentralized, with most participants receiving job training services through programs administered by the 56 states and territories and over 600 local programs called service delivery areas (SDAs).

SDAs provide employment and training services either directly or through agreements or contracts with other service providers. JTPA services include occupational training and basic education, normally provided in a classroom setting,

on-the-job training (OJT), and work experience.[3] On average, participants are in the program about 18 weeks.

Generally speaking, individuals are eligible for JTPA if they are economically disadvantaged--people in this group are defined primarily by household income but this group also includes welfare and food stamp recipients and the handicapped. In the fall of 1992, the first comprehensive reforms to JTPA were enacted to improve the delivery of services to hard-to-serve persons as well as to make other program improvements. Before these amendments, the act provided only general guidance on how the program was to be targeted. The act stated that services were to be provided "to those who can benefit from, and who are most in need of" them, and that local programs are to "make efforts to provide equitable services among substantial segments of the eligible population." The lack of specific direction led to concern among some in the employment and training community about whether JTPA was serving the right individuals in the eligible population. The 1992 amendments provide additional direction on targeting by requiring that the majority of funds be targeted on hard-to-serve individuals; that is, those with specifically listed barriers to employment, such as being a school dropout or on welfare.

JTPA is a performance-oriented program. The act requires the Secretary of Labor to establish national performance standards against which the performance of individual SDAs is measured. JTPA provides for rewards to SDAs that exceed these standards and for sanctions for those that fail to meet them for 2 years. For the most part, the performance standards measure the extent to which SDAs place all participants, as well as those on welfare, in jobs and the wages they receive.

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[3]Work experience is a training activity consisting of short-term or part-time work designed to develop good work habits and basic work skills.

## JTPA PERFORMANCE AND EFFECTIVENESS

JTPA is viewed as a relatively successful program because the majority of those who participate receive a job upon leaving the program. Yet a recent study[4] raises questions about whether the program is effective; that is, does it make a difference in the employment and earnings of those who were assigned to participate. Beginning with the first full year of program operations in 1984, JTPA has placed over 60 percent of its participants in jobs each year and, with few exceptions, has met or exceeded its performance standards program-wide. The performance standards measure how well SDAs are placing people in jobs and at what wage, at one moment in time.[5] While the standards provide some indication of performance and short-term program outcome, they do not provide an assessment of the program's overall impact on the people it is serving.[6]

A recently released study of JTPA suggests that title IIA may not be effective for youth participants and may be only marginally effective for adults. The Department of Labor contracted with MDRC and Abt Associates Inc. to undertake an impact evaluation of title IIA of JTPA, as it normally operates. Their interim results provide some measure of the effects of JTPA services on the employment and

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[4]The National JTPA Study: Title IIA Impacts on Earnings and Employment at 18 Months, Abt Associates Inc. (Jan. 1993).

[5]In the past, this had been at the time an individual left the program but more recently this was changed to 13 weeks after leaving the program.

[6]Impact refers to what outcomes JTPA participants achieve, in terms of employment and wages, as compared with what they would have achieved on their own, without the program. Program impact can be measured by comparing the status of two identical groups of people whose only difference is that one group enrolled in JTPA and the other did not. The use of an evaluation methodology known as random assignment, in which eligible individuals are randomly assigned to receive JTPA services or to a control group not receiving such services, is believed to yield the most accurate estimate of program impact.

earnings outcomes for program participants[7] when compared with nonparticipants. The study results indicate a modest gain in earnings for adult women of $539 for an 18-month period and an employment gain of a little over 2 percent. The earnings gain for adult men was not significant, but they had about a 3 percentage point employment gain. The study showed that out-of-school male youths (16 to 21 years old) enrolled in JTPA earned $854 less than nonenrollees.[8]

We were not completely surprised by the results from the Abt study, given the results from our previous work. We noted that the SDAs appeared to be following a low-risk approach to serving the economically disadvantaged[9]. Those who were less ready to enter the job market were provided less intensive services; that is, they were less likely to receive occupational training than other groups. When they did receive such training, they received fewer training hours and were less likely to be trained in higher skill jobs. Furthermore, they were as apt to receive only job search assistance as other groups. Because training costs likely increase with the intensity of services, it appears that less JTPA funds were being spent on behalf of those less job ready. However, we concluded that those who received training in higher skill occupations, regardless of how ready they were to enter the world of work, tended to get better jobs at higher wages than those who received other training services. We noted in another study, on racial and gender disparities in JTPA services, that performance-based financial incentives can encourage service providers to steer certain participants into low-risk training and away from higher

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[7]Findings reported from the Abt study refer to results for program assignees, that is, those for whom JTPA services were made available

[8]Almost all of the negative impact on earnings is concentrated in youth who reported having an arrest record.

[9]Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs (GAO/HRD-89-52, June 9, 1989) and Job Training Partnership Act: Youth Participant Characteristics, Services, and Outcomes (GAO/HRD-90-46BR, Jan. 24, 1990).

risk training activities.[10] For example, some service providers are reluctant to train women in nontraditional occupations because of higher costs and higher risks of not being placed in a job upon completion.

A major premise of JTPA or any training and education program is that the services provided will make a difference. Overall, JTPA appeared to only marginally improve employment and earnings gains for certain segments of those it served. The Abt study did not compare results obtained using alternative service approaches for the hard-to-serve population that is targeted by JTPA. Therefore, the analysis cannot tell which services work best. Given that billions of dollars are being spent annually on the economically disadvantaged, it is important to know definitively which treatments make a difference. In our opinion, such information is essential to policymakers in making decisions on how to best serve the disadvantaged and to maximize program resources. Therefore, additional evaluations of the program's impact are necessary.

## RECENT CHANGES TO JTPA

Key provisions of the recently enacted amendments to JTPA, coupled with a new data collection initiative by the Department of Labor, should go a long way toward improving JTPA. These modifications will address program shortcomings, namely, (1) the lack of specific guidance on whom JTPA should target for services; (2) the need for objective assessments of participants' training needs and developing a plan to address those needs; and (3) the need for a more meaningful and comprehensive database on who is being served, the services they get, and their program outcome. We believe that these changes have the potential to improve JTPA.

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[10]Job Training Partnership Act: Racial and Gender Disparities in Services (GAO/HRD-91-148, September 20, 1991).

The amendments, which for the most part become effective July 1, 1993, were the first comprehensive modifications to the program since its implementation in 1983. The amendments require that at least 65 percent of those served, in addition to being economically disadvantaged, have one or more barriers to employment, such as being a school dropout or on welfare. Our previous work indicated that JTPA was not targeting services to any particular group and those with the greatest need for services were oftentimes provided the least amount of training services. The amendments also require that an objective assessment of the skill levels and service needs of each participant be carried out and that an individual service strategy be developed that identifies employment goals, achievement objectives, and appropriate services. These provisions should help ensure that the program emphasizes services to those with more barriers to employment (and presumably a greater need for JTPA) and that the services they receive are appropriate for them to succeed in the labor market. However, we believe that a need still exists for independent participant assessments to eliminate the potential bias that exists when service providers, with vested interests in the assessment results, are responsible for performing these evaluations.

A recent Labor initiative to expand its JTPA data collection requirements should further enhance program management by enabling Labor to accumulate detailed information on the scope of services and the nature of employment that JTPA is providing to its participants, particularly the hard-to-serve. Current reporting requirements provide no information on the kinds of jobs that various groups of participants receive after program participation or the nature of the occupational training and supportive services that may have contributed to different outcomes. Labor's expanded data system, to be implemented on July 1, 1993, will provide program officials with information on who is served (in terms of their demographic characteristics and barriers to employment), the kinds of services they receive (including the number of hours of training), and their outcome at program termination (including their specific occupation, if placed in a job). This

information will allow program managers to determine the program outcome achieved from different training interventions for various groups of individuals. Program officials can also use the data to make regional, state, and local level comparisons and make judgments about SDAs and states where technical assistance may be needed to improve program performance.

While the above modifications are designed to better measure and monitor program performance, effective implementation of these changes is critical to success. Since implementing JTPA, Labor has largely followed a "hands off" approach with respect to carrying out the program, and has assumed a role of providing overall policy guidance, technical assistance, and limited oversight. Our previous work has shown that Labor's passive approach has allowed SDAs considerable autonomy and discretion in carrying out the programs.[11] While there may be some advantages to this approach, it has also resulted in program inconsistencies and problems at the state and local level going undetected, especially with respect to oversight and monitoring JTPA program operations. For example, we found that limits on administrative costs were circumvented, excessive amounts of OJT were approved, and improper or unsupported payments were made to service providers. In our view, in order for the recent changes to JTPA to be fully effective, Labor must take a more active role in their implementation by providing detailed guidance to ensure that the new requirements are strictly followed and by using its expanded data system to better manage the program. This, however, should not be viewed as a substitute for program evaluation and Labor should continue to fund studies to assess JTPA's impact.

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[11]Job Training Partnership Act: Inadequate Oversight Leaves Program Vulnerable to Waste, Abuse, and Mismanagement (GAO/HRD-91-97, July 30, 1991).

## NO COMPREHENSIVE FEDERAL TRAINING STRATEGY FOR ASSISTING THE DISADVANTAGED

JTPA is the federal government's largest employment assistance program for the economically disadvantaged, but it is not the only one. Therefore, the effective implementation of changes to JTPA alone will not assure that the training needs of the economically disadvantaged are addressed. Federal efforts to upgrade the skills of disadvantaged adults and out-of-school youth to help them get the necessary skills to enter the mainstream work force are carried out through 65 different programs. These programs are administered by 13 federal departments and independent agencies, with funding of $11.5 billion in fiscal year 1991. These myriad programs do not function as a comprehensive, cohesive system, but often operate in isolation. Absent at the federal level is an overall employment and training strategy that coordinates and integrates existing programs. Needed at the state and local level is a streamlined approach that will (1) eliminate the duplication of services and the confusion among the disadvantaged caused by the current nonsystem and (2) ensure efficient and effective delivery of services.

We have ongoing work that is looking into several aspects of the multiple employment programs issue. For example, we will be determining the extent to which programs have the information and means to judge their effectiveness and whether impact evaluations have been performed. Also, we are looking at possible barriers to coordination of services and the extent to which employment assistance programs--which may be adjuncts to other programs without an employment assistance objective--are duplicating services of other major programs.

The 1992 amendments to JTPA recognize the need for coordination by establishing state human resource investment councils. These councils are aimed at coordinating the provision of services and the use of funds for human resource programs such as JTPA, adult education programs, and the Job Opportunities and Basic Skills

program. However, state compliance with this provision is voluntary, and the state councils on vocational education may elect not to participate in such councils.

Several states and local communities have undertaken self-initiated efforts in an attempt to better coordinate and more effectively provide employment assistance using the multiple programs available within their boundaries. These entities have launched their initiatives despite substantial barriers to change, such as conflicting program requirements, differing target populations, and staff resistance. In general, the approaches are designed to (1) improve access to services, (2) reduce client confusion, (3) improve independent assessments, (4) reduce duplication of services, and (5) improve the ability to track clients.

While we have not examined these efforts in detail, they appear promising. By way of example, the State of Massachusetts concluded that the 35 job training, placement and employment-related education programs operating in the state were running largely in isolation. In 1988, the state legislature enacted a law that established a two-tier approach to service simplification. At the state level, it established a council responsible for (1) planning the use of program resources in an integrated, cohesive manner; (2) determining the effectiveness of each program as well as the system as a whole; and (3) making the system more responsive to the needs of business and program trainees. At the local level, 16 regional boards, made up of representatives from the education and employment community, were established to oversee the system's implementation. The boards operate as a focal point for determining which programs should operate within their region and how the programs should be carried out.

We believe that there is a need, especially in today's climate of fiscal constraint, for a simplified system that complements and supplements the common goal of assisting the economically disadvantaged, limits the confusion for those seeking services, and eliminates wasteful federal spending for duplicative services. Developing a

coordinated and simplified approach will require a look at how federal programs could work together as a system to more effectively provide employment training assistance to the disadvantaged.

The administration has proposed, in its fiscal year 1994 budget, a strategy based on the concept of "one-stop career centers". While information on the proposal's specifics is not yet available, this could be an important step toward rationalizing employment assistance in the United States. The career centers would serve people in need of career counseling; assessment; occupational information; job referral; and training, employment, and related community services. They would offer easier access to the confusing array of federal programs and services for adults seeking to change jobs or careers or to upgrade their skills. We hope this will turn out to be an initiative that can substantially improve program coordination and effectiveness.

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Mr. Chairman, this concludes my testimony. I will be happy to answer any questions that you or members of the Subcommittee might have.

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